

1 withholding and reporting requirements, and to enable Reorganized Debtor to obtain the  
2 certifications and information as may be necessary or appropriate to satisfy the provisions of any  
3 tax law.

4           11.7 Time. Unless otherwise specified herein, in computing any period of time  
5 prescribed or allowed by the Plan, the day of the act or event from which the designated period  
6 begins to run shall not be included. The last day of the period so computed shall be included,  
7 unless it is not a Business Day, in which event the period runs until the end of the next  
8 succeeding day which is a Business Day.

9           11.8 Section 1146(c) Exemption. Pursuant to Section 1146(c) of the  
10 Bankruptcy Code, the issuance, transfer or exchange of any security under the Plan, or the  
11 execution, delivery or recording of an instrument of transfer pursuant to, in implementation of or  
12 as contemplated by the Plan, or the revesting, transfer or sale of any real property of the Debtor  
13 or Reorganized Debtor pursuant to, in implementation of or as contemplated by the Plan, shall  
14 not be taxed under any state or local law imposing a stamp tax, transfer tax, or similar tax or fee.  
15 Consistent with the foregoing, each recorder of deeds or similar official for any city, county or  
16 governmental unit in which any instrument hereunder is to be recorded shall, pursuant to the  
17 Confirmation Order, be ordered and directed to accept such instrument without requiring the  
18 payment of any documentary stamp tax, deed stamps, transfer tax, intangible tax or similar tax.

19           11.9 Severability. In the event that any provision of the Plan is determined to  
20 be unenforceable, such determination shall not limit or affect the enforceability and operative  
21 effect of any other provisions of the Plan. To the extent that any provision of the Plan would, by  
22 its inclusion in the Plan, prevent or preclude the Bankruptcy Court from entering the  
23 Confirmation Order, the Bankruptcy Court, on the request of the Debtor, may modify or amend  
24 such provision, in whole or in part, as necessary to cure any defect or remove any impediment to  
25 the confirmation of the Plan existing by reason of such provision.

26           11.10 Binding Effect. The provisions of the Plan shall bind the Debtor,

1 Reorganized Debtor and all holders of Claims and Interests, and their respective successors, heirs  
2 and assigns, whether or not the Claim or Interest of such holder is impaired under this Plan and  
3 whether or not such holder has filed a proof of claim with the Bankruptcy Court or has accepted  
4 this Plan.

5           11.11 Retiree Benefits. On or after the Effective Date, to the extent required by  
6 Section 1129(a)(13) of the Bankruptcy Code, Reorganized Debtor shall continue to pay all  
7 retiree benefits (if any) as that term is defined in Section 1114 of the Bankruptcy Code,  
8 maintained or established by the Debtor prior to the Effective Date, without prejudice to  
9 Reorganized Debtor's rights under applicable non-bankruptcy law to modify, amend or terminate  
10 the foregoing arrangements.

11           11.12 Recordable Order. The Confirmation Order shall be deemed to be in  
12 recordable form, and shall be accepted by any recording officer for filing and recording purposes  
13 without further or additional orders, certifications or other supporting documents.

14           11.13 Plan Controls. Except with respect to the terms of the Settlement  
15 Agreement, in the event and to the extent that any provision of the Plan is inconsistent with the  
16 provisions of the Disclosure Statement, or any other instrument or agreement contemplated to be  
17 executed pursuant to the Plan, the provisions of the Plan shall control and take precedence.

18           11.14 Effectuating Documents and Further Transactions. The Debtor and  
19 Reorganized Debtor shall execute, deliver, file or record such contracts, instruments,  
20 assignments, and other agreements or documents, and take or direct such actions, as may be  
21 necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

22           Dated: June 13 2011.

Respectfully Submitted,

SALPARE BAY, LLC

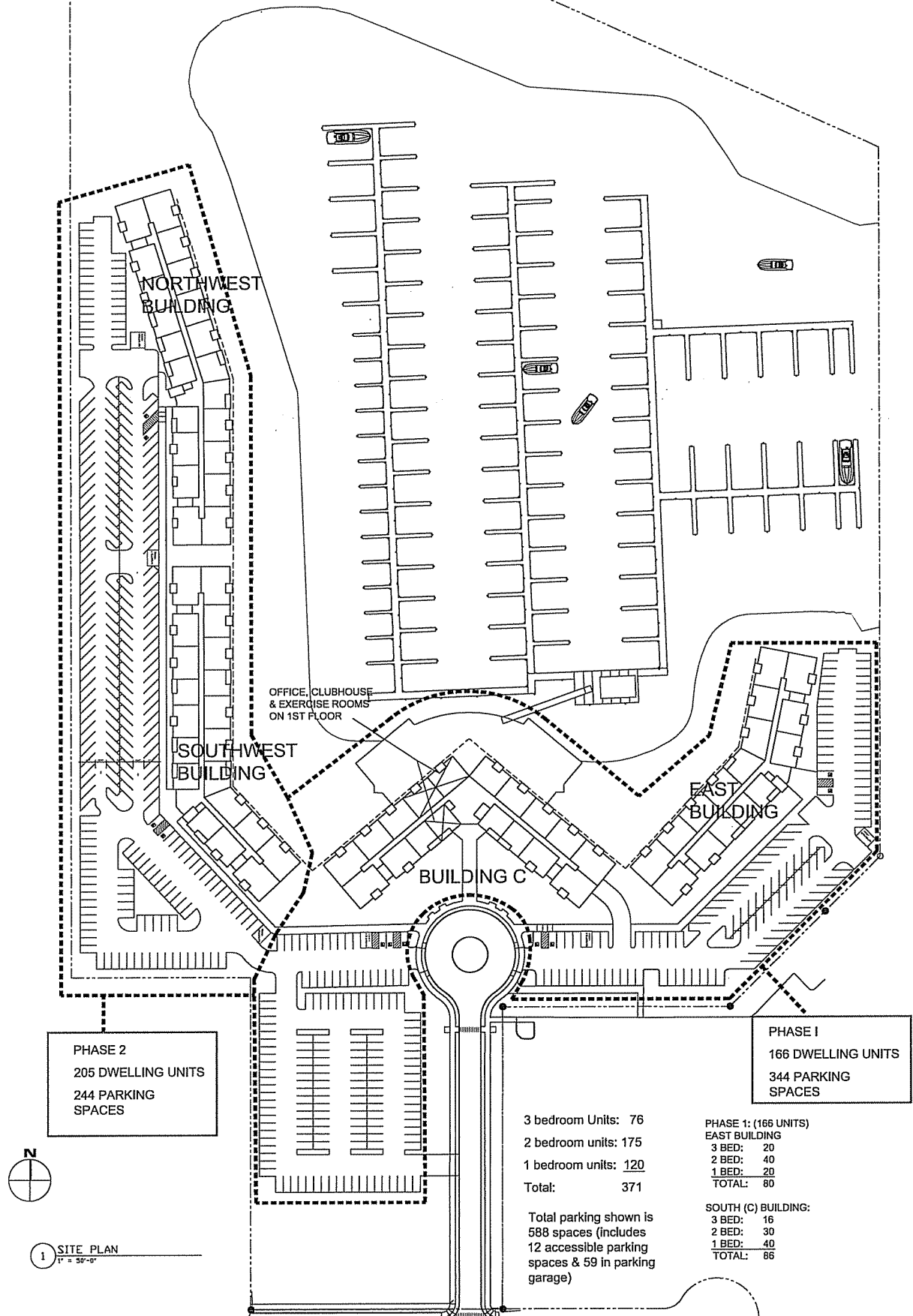
By: ITS MANAGER, COLUMBIA RIM  
CORPORATION, a Washington corporation

By: /s/ Michael J. DeFrees  
Michael J. DeFrees, President

FARLEIGH WADA WITT

By: /s/ Tara J. Schleicher  
Tara J. Schleicher, OSB #954021  
(503) 228-6044  
tschleicher@fwwlaw.com  
Of Attorneys for Debtor Salpare Bay, LLC

U:\Architectural Projects\A11\Proposals\Salpore Apartments\SITE PLAN-5 Story Option-rotated Exhibit 1.dwg Layout: A1.1 Plot Date Sep 7 10 Time: 4:59 PM



PHASE 2  
205 DWELLING UNITS  
244 PARKING SPACES

PHASE I  
166 DWELLING UNITS  
344 PARKING SPACES

3 bedroom Units: 76  
2 bedroom units: 175  
1 bedroom units: 120  
Total: 371

Total parking shown is  
588 spaces (includes  
12 accessible parking  
spaces & 59 in parking  
garage)

PHASE 1: (166 UNITS)  
EAST BUILDING  
3 BED: 20  
2 BED: 40  
1 BED: 20  
TOTAL: 80

SOUTH (C) BUILDING:  
3 BED: 16  
2 BED: 30  
1 BED: 40  
TOTAL: 86

1 SITE PLAN  
1" = 50'-0"

# Salpore Bay Apartments

Tomahawk Island Drive  
Portland, Oregon

A1.1

Sheet Title:  
SITE PLAN  
Date:  
06/07/2010

REVISIONS  
Date: 09/07/2010  
By: [Signature]  
Check: [Signature]  
Scale: 1" = 50'-0"  
Version: 000000  
(360) 571-0785  
Fax: (360) 571-2183  
Columbia Rim Corporation

## SETTLEMENT AGREEMENT

This Settlement Agreement is entered into effective this 5<sup>th</sup> day of May, 2011 (the "Effective Date"), by and between JE Dunn Construction Company, successor in interest to J.E. Dunn Northwest, Inc. ("Dunn"), Marion Construction Company ("MCC"), Masons Supply Company ("MASCO"), Associated Masonry Restoration, Inc., d/b/a Pardue Restoration, Inc. ("Pardue"), Ray's Plumbing of Brush Prairie, Inc. ("Ray's"), Harris Rebar Seattle, Inc., dba Harris Rebar Portland ("Harris"), Morse Bros., Inc. ("MBI"), Industrial Concrete, LLC ("Industrial"), R2M2 Rebar and Stressing, Inc. ("R2M2"), City of Portland (the "City"), Safway Services, LLC f/k/a ThyssenKrupp Safway, Inc. ("TKS"), Bellingham Marine Industries, Inc. ("BMI"), Myhre Group Architects, Inc. ("Myhre"), Harbor Investors, LLC ("Harbor") and Salpare Bay, LLC ("Salpare" or "Debtor") (all collectively referred to as the "Parties").

### RECITALS

- A. Effective November 27, 2006, Dunn entered into a written contract (the "Contract") with Salpare for the construction of improvements being made to the real property for the project commonly known as the Salpare Bay Condominiums (the "Project") located on Hayden Island on the Columbia River at 499 N.E. Tomahawk Drive and 11505 N. Yacht Harbor Drive, Portland, Oregon 97217 (the "Property") (the Property includes the Marina described below). The Property is owned by Salpare and Harbor.
- B. Salpare originally planned to develop a private marina, a private beach and a 204-unit condominium project for which it obtained a loan of approximately \$63 million in December 2006 from BankFirst, Inc. ("BankFirst").
- C. Under the terms of the Contract, Dunn supplied certain labor, services, materials, and equipment necessary to construct certain sitework and Building "C," which is located at the entrance of the Property and provided access to the marina (the "Marina"). MCC, MASCO, Pardue, Ray's, Harris, MBI, Industrial and R2M2, as first, second and third tier subcontractors, each provided certain labor, services, materials and/or equipment in furtherance of the construction of the Project (collectively referred to as the "Dunn Group").
- D. TKS, BMI and Myhre were hired directly by Salpare to perform other work on the Project. The City has priority statutory liens for Parks and Transportation System Development Charges against the Property. The City also has a statutory lien related to non-compliant parking use not included in the Lien Foreclosure Claims.
- E. Dunn, each of the Dunn Group, TKS, BMI and Myhre filed construction liens and the City has statutory liens against the Project (Dunn, the Dunn Group, TKS, BMI, Myhre and the City are collectively referred to as the "Judgment Creditors").

F. On October 26, 2007, Dunn filed a complaint in the Circuit Court of the State of Oregon for Multnomah County captioned (in abbreviated part) *J.E. Dunn Northwest, Inc. v. Salpare Bay, LLC, et al.*, Case No. 0710-12536, seeking to foreclose its construction liens. The Dunn Group, TKS, BMI, Myhre and the City filed cross-claims and counterclaims to foreclose their construction and statutory liens (collectively the "Lien Foreclosure Claims"). BankFirst asserted cross-claims against Salpare, Harbor and others stemming from the construction loan agreement. In response, Salpare and Harbor asserted lender liability cross-claims against BankFirst and others. The Lien Foreclosure Claims were severed for a separate trial.

G. The Lien Foreclosure Claims were tried before the State Court on December 8–15, 2008. The Court ordered foreclosure of the construction and statutory liens and entered the following judgments (the below-listed judgments are collectively referred to as the "Judgments"):

- (a) The Limited Judgment signed *nunc pro tunc* April 21, 2009, originally entered on September 9, 2009 and re-entered and effective as of December 29, 2009;
- (b) The Supplemental Judgment and Money Award (re: Attorney Fees and Costs to Dunn and BMI) signed October 26, 2009, originally entered on October 29, 2009 and re-entered and effective as of December 29, 2009; and
- (c) The Second Supplemental Judgment and Money Award signed January 22, 2010 and entered January 22, 2010.

H. Dunn, Dunn's sureties and the Dunn Group (except for Ray's) signed a Tolling Agreement, Addendum and a Second Addendum to Tolling Agreement. Ray's signed a Tolling Agreement and Addendum to Tolling Agreement (collectively, the "Tolling Agreements").

I. Dunn set a foreclosure sale for June 8, 2010.

J. Salpare and Harbor settled their lender liability claims against BankFirst and others on June 7, 2010.

K. Salpare filed a petition for relief under Chapter 11 under the United States Bankruptcy Code on June 7, 2010 in the United States Bankruptcy Court for the District of Oregon (the "Bankruptcy Court"), Case No. 10-35333 tmb11 (the "Bankruptcy Case"), which stayed the foreclosure sale.

L. On or about September 3, 2010, Debtor commenced an adversary proceeding complaint against Dunn, each of the Dunn Group, TKS, BMI, Myhre, the City and others, Case No. 10-03264 tmb (the "Adversary Proceeding").

M. Salpare has asserted that Harbor owes it funds under a Tenant in Common Agreement related to the Property (the "Harbor Claim").

N. The Parties participated in mediation on various dates with the Honorable Michael R. Hogan serving as mediator, and the Parties reached agreement on terms for a full and final settlement regarding the claims as between and among the Parties and intend for the Debtor's amended chapter 11 plan (the "Plan") to incorporate the terms of this Agreement.

O. As set forth herein, the Parties wish to resolve all disputes and claims between them related to the Project, the Property and the pending Bankruptcy Case and Adversary Proceeding.

#### AGREEMENT

1. Salpare and Harbor agree that the Judgments are valid, final, non-appealable state court judgments. The Parties agree that the Judgment amounts for each Judgment Creditor (including interest through March 31, 2011) are accurately reflected on Exhibit "A," attached. On entry of a non-appealable order approving this Agreement by the Bankruptcy Court, Salpare will dismiss the Adversary Proceeding with prejudice and without fees or costs.

2. Not later than five business days after Harbor is notified that this Settlement Agreement has been approved by the Court, (i) Harbor shall pay \$40,000 to Salpare; (ii) concurrent with such payment Harbor and Salpare will execute and deliver counterparts of an Assignment of Limited Liability Company Interest in the form attached hereto as Exhibit "B," pursuant to which the current members of Harbor will assign all of the membership interests in Harbor to Salpare; and (iii) concurrent with such payment, Salpare shall dismiss the Arbitration Service of Portland proceeding that Salpare has filed against Harbor regarding the Harbor Claim referenced in Recital M, with prejudice and without attorney fees, costs or disbursements. In connection therewith, Salpare acknowledges that because this is a settlement of disputed claims and there is consideration given and received by the parties, and because the value of consideration given by the current members of Harbor in settlement equals or exceeds the value of the Harbor Claim, no 1099's or equivalent will be issued as part of this settlement or in connection with the Assignment of Membership Interests.

3. All Judgment Creditors agree to an 11.74% discount of their judgment amounts, inclusive of principal, fees, costs, and interest (at the judgment rates) through the date of Plan confirmation (the "Discounted Judgment Amount"). The Discounted Judgment Amount for each Judgment Creditor shall be the total of their judgment, inclusive of principal, fees, costs and interest calculated as of the date of Plan confirmation reduced by 11.74%. Interest shall continue to accrue for each Judgment Creditor on principal, fees and costs (at an 11.74% discount) at the rate of 3.25% simple interest per annum from the date of Plan confirmation until paid in full.

4. Debtor shall make the following payments, on the following dates to the Judgment Creditors:

- a. Phase 1 (as defined in the Site Plan attached to the Disclosure Statement dated April 8, 2011) Payment Deadline: June 30, 2012, in an amount equal to 40% of the Discounted Judgment Amount (exclusive of accrued interest);
- b. Marina (as defined in the Site Plan attached to the Disclosure Statement dated April 8, 2011) Re-fi Payment Deadline: October 31, 2012, in an amount equal to 40% of the Discounted Judgment Amount (exclusive of accrued interest) ; and
- c. Phase 2 (as defined in the Site Plan attached to the Disclosure Statement dated April 8, 2011) Payment Deadline: June 30, 2013, in an amount equal to the remainder of the Discounted Judgment Amount, plus all accrued interest through June 30, 2013 (or such other date as the payment is made per Section 5, below) at the rate set forth in Section 3, above.

5. Payment Deadlines set forth in Section 4, above shall not be further extended for any reason absent circumstances beyond Salpare's control. In such event, Judge Hogan has the discretion to grant one (1) grace period of a maximum of 30 days per Payment Deadline.

6. The Judgment Creditors will release their liens to the applicable portion of the Property upon receipt of payment as follows:

- a. On receipt of the Phase 1 Payment, release of liens as against the Phase 1 property, reserving a reciprocal right of access to the Marina and Phase 2 property through the Phase 1 property.
- b. On receipt of the Marina Re-fi Payment, release of liens against the Marina. It is specifically agreed that any release of any lien interest in the Marina is conditioned upon a complete grant of access to the Marina.
- c. On receipt of the Phase 2 Payment, release of liens as to the remainder of the Property.

Salpare shall prepare appropriate documents to effectuate these releases and rights of reciprocal access which are reasonably acceptable to Judgment Creditors.

7. The Judgment Creditors will not object to Debtor seeking approval from the Court of a priming loan in the maximum amount of up to \$ 500,000.00, subject to all of the following conditions (the "Priming Loan"):

- a. Salpare will provide notice of any work to be performed or contract to be entered (and the amount of the proposed work or contract), and Judgment



Creditors will have a right to object within 7-business days. Any objections will be resolved by Judge Hogan.

- b. On completion of the work, each payment requested by Debtor from the loan would be subject to review and approval for that expense by Judge Hogan. The Priming Loan proceeds may be used for professional fees, including, but not limited to, the fees associated with the partition of the Property, application and other permitting costs payable to local governments related to the Property, the costs of paving the parking lot, and loan costs and fees associated with obtaining the financing necessary to make the payments referenced in paragraph 4 above. To the extent that any Judgment Creditor believes a requested payment is impermissible or unreasonable, such party can lodge an objection with Judge Hogan.
- c. The Judgment Creditors will be provided a priority lien on the DIP account into which the proceeds from the Marina operations flow and a super priority under Section 507(b) as a replacement lien. The Priming Loan lender will be provided a priority lien on the DIP account into which the Priming Loan proceeds flow and a super priority under Section 507(b) as a replacement lien.
- d. Debtor shall not voluntarily allow the filing of any construction liens against any portion of the Property as long as the Priming Loan remains unpaid.
- e. Under no circumstances will the Judgment Creditors consent to a Priming Loan where the lender is Michael DeFrees or his wife, or any party or entity related to, owned, managed or otherwise tied to Michael DeFrees or his wife.
- f. Any work to be self-performed by Michael DeFrees or his wife, or any party or entity related to, owned, managed or otherwise tied to Michael DeFrees or his wife is to be performed at zero profit and such parties or entities shall not file a construction lien against any portion of the Property (see Section 11 below).
- g. No work shall be performed on the Marina or Phase 2, other than related work for partitioning the Property, site work related to the parking improvements, permit applications and permitting with governmental agencies.
- h. Debtor agrees that \$250,000 of the Priming Loan will be repaid on or before June 30, 2012.
- i. Judgment Creditors, in their discretion, may consider approval of up to an additional \$250,000 Priming Loan upon receipt of a fully executed commitment letter from a bank or other financial institution agreeing to loan to Salpare the funds necessary to construct Phase 1 of the Project. Judgment

Creditors may conduct such due diligence as they reasonably believe necessary to satisfy themselves that the construction funds will be loaned to Salpare, that the payment due Judgment Creditors will be made on or before June 30, 2012, that any additional Priming Loan will not be used to pay for any work self-performed by Michael DeFrees or his wife, or any party or entity related to, owned, managed or otherwise tied to Michael DeFrees or his wife, that no construction liens have been filed against any portion of the Property and that \$250,000 of any Priming Loan will be paid off on or before June 30, 2012.

8. a. Salpare shall deliver a Statutory Bargain and Sale Deed to the Property (the "Deed") (free and clear of all liens and including the reciprocal access provided in Section 6, above), except those permitted under the Plan and this Agreement, conveying the Property to Dunn to Judge Hogan to be held in trust for the benefit of the Judgment Creditors within five (5) business days of the entry of the Bankruptcy Court's Order confirming the Plan becomes nonappealable or Harbor's delivery of the Assignment described in Section 2, above, whichever is later. If the Deed is not delivered as required, or if any Plan Payment Deadline as set forth in Section 4, above is missed, the Deed shall be immediately provided to Dunn for recording.

b. Even if Debtor makes one or more of the payments provided in Section 4, above, a subsequent default will result in the delivery of the Deed to Dunn, which Deed will not include those parcels upon which the Judgment Creditors have already released their lien rights.

c. Should the legal description of the Property change as a result of the partition of the Property (as defined in the Site Plan attached to the Disclosure Statement dated April 8, 2011), Salpare shall immediately deliver to Judge Hogan a new Deed with the new legal description of the Property (the "Subsequent Deed"). Should the legal description of any phase substantially change from the Site Plan attached to the Disclosure Statement dated April 8, 2011, Salpare shall notify, in writing, the Judgment Creditors and the Judgment Creditors shall have 7-business days to object to the proposed partition.

d. After each payment referenced in Section 4 above, Salpare shall immediately deliver to Judge Hogan a new Subsequent Deed (free and clear of all liens and including the reciprocal access provided in Section 6, above) for the portion(s) of the Property that remain as collateral for Salpare's payment obligations to the Judgment Creditors.

9. If Dunn receives the Deed or a Subsequent Deed as a result of any default, Dunn agrees to "buy" out each Judgment Creditor's interest at the Discounted Judgment Amount set forth in Section 3, above (i.e., 88.26% of each Judgment Creditor's total judgment amount, less a pro rata share of any outstanding priming loan, inclusive of all interest as described herein incurred as of the default date, less any payments made by Debtor against any amounts to be paid by Dunn). Such payment to be made by Dunn

within 30-days following Dunn's receipt of the Deed or Subsequent Deed. On payment by Dunn, each Judgment Creditor shall release all further liens or interests in the Property and provide Satisfaction in Full of the Judgments.

10. With respect to any work performed or materials supplied by any entity on the Project, a lien waiver/release must be received by Debtor from such entity before any payment is made.

11. To the extent Debtor employs any party and/or entity related to, owned, managed or otherwise tied to Michael DeFrees or his wife to perform work on the Project, Debtor agrees to include in any contract to such party and/or entity a provision which prohibits such party and/or entity from filing a lien against the Project or the Property, or otherwise to impair the security interests of the Judgment Creditors.

12. Debtor shall not sell or enter into any lease for greater than one year for any individual boat slips at the Marina or enter into any contract for greater than one year affecting the possible proceeds from the Marina pending completion of its payment obligations under this Agreement.

13. Salpare shall file with the Bankruptcy Court an amended Disclosure Statement and Plan consistent with the terms of this Agreement and the Judgment Creditors shall consent to confirmation of that Plan.

14. So long as there are any amounts outstanding on the Priming Loan, Salpare agrees to provide Judgment Creditors with monthly financial reports substantially similar to those required under LR 2015-1(b).

15. Salpare shall submit this Agreement to the Bankruptcy Court for approval and on approval, the terms of this Agreement shall be incorporated into any Plan submitted to the Bankruptcy Court for confirmation. The terms of this Agreement shall not be effective until the Bankruptcy Court enters an order approving this Agreement, and no appeal has been taken from the order approving this Agreement.

16. The parties to the Tolling Agreement agree that (1) to the extent their rights have not lapsed as of the date of this Agreement, to extend the Tolling Agreement during the term of this Agreement; and (2) all payment and other claims reserved by and among them in the Tolling Agreement will be fully satisfied and released effective upon completion of Debtor's Plan, or upon final payoff in connection with Sections 4 or 9, above, whichever occurs first.

#### CZAR CLAUSE

17. Continuing Jurisdiction. The Parties hereby agree that Judge Hogan, who acted as mediator, shall have the exclusive authority to decide any dispute which may arise between the Parties regarding this Agreement, including any dispute regarding the validity, performance, violation, interpretation, administration, enforcement, specific

performance, or enforceability. In this role, Judge Hogan will, to the fullest extent possible, help the Parties resolve any disputes and if the Parties are unable to reach an agreement, decide any disputes about what the settlement terms are, any disputes on the execution of the settlement, and/or any disputes over papering the settlement on procedures that Judge Hogan deems appropriate. Judge Hogan will be the person to see that the terms and conditions of this Agreement are complied with. Such determination(s) of Judge Hogan shall be made without personal liability to Judge Hogan, and shall be binding on the Parties and enforceable in the Court, without the possibility of appeal. Should Judge Hogan become unavailable or unable to perform his duties hereunder, Judge Lyle Velure shall take over the duties of Judge Hogan under this Agreement. Should Judge Velure also become unavailable or unable to perform his duties hereunder, a person appointed by the United States Bankruptcy Court shall take over such duties.

#### GENERAL PROVISIONS

18. Parties Exercised Own Judgment. The Parties, and each of them, represent and warrant that in executing this Agreement they relied solely upon their own judgment, belief and knowledge, and the advice and recommendations of their own independently selected counsel and tax advisors, concerning the nature, extent and duration of their rights and claims hereunder and regarding all matters which relate in any way to the subject matter hereof, and that they have not been influenced to any extent whatsoever in executing this Agreement by any representations, statements or omissions pertaining to any of the foregoing matters by any party or by any person representing any party to this Agreement. Each Party assumes the risk of mistake as to facts or law.

19. Authority to Act. Each person and entity executing this Agreement on behalf of any other person or entity does hereby personally represent and warrant to the other Parties that he or she has the authority to execute this Agreement on behalf of, and fully bind, each principal and/or each entity which such person represents or purports to represent.

20. Have Read Agreement. The Parties, and each of them, warrant and represent to each other that he, she or it has carefully read the contents of this Agreement, and this Agreement is signed freely by each person executing this Agreement on behalf of each of the Parties. The Parties, and each of them, further represent and warrant to each other that he, she or it has made such investigation of the facts pertaining to the settlement, this Agreement and all of the matters pertaining thereto, as it deems necessary.

21. Governing Law. All claims and controversies arising out of or relating to this Agreement shall be governed by the substantive law of the State of Oregon without regard to Oregon conflict of law principles.

22. Headings. Section headings are for convenience only and shall not be construed to change or affect the text of this Agreement.
23. Survival of Representations and Warranties. All representations and warranties set forth in this Agreement shall be deemed continuing.
24. Further Assurances. The Parties agree to execute such other documents and take such actions as may reasonably be necessary to further the purpose, terms and spirit of this Agreement, including but not limited to a Deed.
25. No Benefit to Non-Settling Parties. Except as expressly provided herein, this Agreement shall not confer any right or benefit upon, or release from liability any individual or entity who is not a party to this Agreement or who is not specifically referenced herein.
26. No Admissions. None of the Parties have made, nor shall they be deemed to have made, any admission of any kind by their negotiation of or entry into this Agreement. Neither this Agreement nor any provision contained herein shall be construed by any person as an admission by the Parties of any liability for, related to or arising out of any of the released claims or claims of any other nature. The Parties reached the settlement contained herein following several rounds of litigation and adversarial mediation. The Parties are entering into this Agreement for the purpose of resolving disputed issues between them and to avoid the costs and risks of further litigation.
27. Counterpart Originals. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute one agreement. Facsimile or e-mailed signatures shall be considered the same as originals.
28. Binding Effect. This Agreement binds and inures to the benefit of the Parties, their assigns, heirs, administrators, executors, representatives, beneficiaries and successors, and each of them.
29. Modification. This Agreement cannot be modified or amended except by written agreement signed on behalf of the Parties.
30. Waiver. No portion of this Agreement may be waived except by written instrument signed on behalf of affected Parties on behalf of whom the waived provision is designed to benefit. A waiver of one provision is not a waiver of any other. Failure to enforce any provision of this Agreement shall not waive that provision or any other.
31. Construction. Any rule of construction to the effect that ambiguities in a writing are to be construed against the drafting party does not apply in the interpretation of this Agreement, or any portion hereof, which has actively been negotiated and drafted by counsel for each of the Parties, and all of them.

32. Attorney Fees. Except as otherwise provided herein, the Parties shall each bear their respective costs and attorney fees incurred in with respect to the Settlement, and with respect to this Agreement.

33. Materiality of Covenants, Warranties and Representations. All covenants, warranties and representations made in this Agreement shall be deemed material.

34. Severability. In the event that any portion of this Agreement shall be determined to be invalid or unenforceable to any extent, the same shall to that extent be deemed severable from this Agreement and the invalidity or unenforceability thereof shall not affect the validity and enforceability of the remaining portion of this Agreement.

35. Declarations. BY SIGNING THIS AGREEMENT, EACH PARTY ACKNOWLEDGES AND DECLARES: (A) THAT THE PARTY HAS FULLY AND CAREFULLY READ THE AGREEMENT; (B) THAT THE PARTY CLEARLY UNDERSTANDS THAT THE AGREEMENT IS A COMPLETE AND FINAL SETTLEMENT; (C) THAT THE PARTY CLEARLY UNDERSTANDS THE MEANING, PURPOSE, AND INTENT OF EACH PROVISION OF THE AGREEMENT, AND THAT EACH PROVISION IS CLEAR AND DEFINITE; (D) THAT THE PARTIES HAVE NOT RELIED UPON ANY REPRESENTATION OF THE OTHER IN AGREEING TO THE TERMS OF THIS AGREEMENT; AND (E) THAT THE PARTY HAS BEEN REPRESENTED BY COMPETENT LEGAL COUNSEL WITH RESPECT TO NEGOTIATING, EXPLAINING, AND ENTERING INTO THIS AGREEMENT.

36. Only Agreement. Each party acknowledges that it has signed this Agreement of its own volition, without coercion or duress, after consulting with counsel of its choice. The Parties further acknowledge that this Agreement contains the entire understanding between the Parties with respect to the transaction contemplated herein, that there is no representation, agreement, or obligation regarding the settlement which is not expressly set forth in this Agreement, and that no representation, inducement, promise, or agreement not expressly set forth in the text of this Agreement shall be of any force or effect.

J.E. Dunn Construction Company

Marion Construction Company

By: [Signature]  
Its: Vice President

By: \_\_\_\_\_  
Its: \_\_\_\_\_

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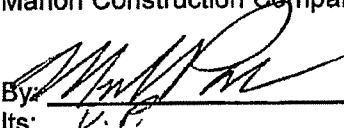
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J.E. Dunn Construction Company

Marion Construction Company

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By:   
Its: \_\_\_\_\_

Masons Supply Company

By: Pat Murruano  
Its: Secretary

Associated Masonry Restoration, Inc.,  
d/b/a Pardue Restoration, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Harris Rebar Seattle, Inc., d/b/a Harris  
Rebar Portland

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Morse Bros., Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Industrial Concrete, LLC

By: \_\_\_\_\_  
Its: \_\_\_\_\_

R2M2 Rebar and Stressing, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Ray's Plumbing of Brush Prairie, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

City of Portland

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Safway Services, LLC f/k/a ThyssenKrupp  
Safway, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Bellingham Marine Industries, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Myhre Group Architects, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Salpare Bay, LLC

By: \_\_\_\_\_  
Its: \_\_\_\_\_



Masons Supply Company

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Associated Masonry Restoration, Inc.,  
d/b/a Pardue Restoration, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Harris Rebar Seattle, Inc., d/b/a Harris  
Rebar Portland

By: \_\_\_\_\_  
Its: CREDIT MANAGER

Morse Bros., Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Industrial Concrete, LLC

By: \_\_\_\_\_  
Its: \_\_\_\_\_

R2M2 Rebar and Stressing, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Ray's Plumbing of Brush Prairie, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

City of Portland

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Its: \_\_\_\_\_

Safway Services, LLC f/k/a ThyssenKrupp  
Safway, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Bellingham Marine Industries, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Myhre Group Architects, Inc.

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Salpare Bay, LLC

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Its: \_\_\_\_\_

Masons Supply Company

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Its: \_\_\_\_\_

Associated Masonry Restoration, Inc.,  
d/b/a Pardue Restoration, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Harris Rebar Seattle, Inc., d/b/a Harris  
Rebar Portland

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Morse Bros., Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Industrial Concrete, LLC

By: \_\_\_\_\_  
Its: MEMBER

R2M2 Rebar and Stressing, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Ray's Plumbing of Brush Prairie, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

City of Portland

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Its: \_\_\_\_\_

Safway Services, LLC f/k/a ThyssenKrupp  
Safway, Inc.

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Bellingham Marine Industries, Inc.

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Myhre Group Architects, Inc.

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Salpare Bay, LLC

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Masons Supply Company

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Associated Masonry Restoration, Inc.,  
d/b/a Pardue Restoration, Inc.

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Its: \_\_\_\_\_

Harris Rebar Seattle, Inc., d/b/a Harris  
Rebar Portland

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Morse Bros., Inc.

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Its: \_\_\_\_\_

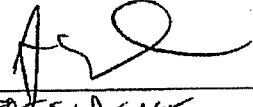
Industrial Concrete, LLC

By: \_\_\_\_\_  
Its: \_\_\_\_\_

R2M2 Rebar and Stressing, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Ray's Plumbing of Brush Prairie, Inc.

By:   
Its: PRESIDENT

City of Portland

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Safway Services, LLC f/k/a ThyssenKrupp  
Safway, Inc.

By: \_\_\_\_\_  
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Bellingham Marine Industries, Inc.

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Myhre Group Architects, Inc.

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Salpare Bay, LLC

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Masons Supply Company

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d/b/a Pardue Restoration, Inc.

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Its: \_\_\_\_\_

Harris Rebar Seattle, Inc., d/b/a Harris  
Rebar Portland

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Morse Bros., Inc.

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Industrial Concrete, LLC

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R2M2 Rebar and Stressing, Inc.

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Its: \_\_\_\_\_

Ray's Plumbing of Brush Prairie, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

City of Portland

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Safway Services, LLC f/k/a ThyssenKrupp  
Safway, Inc.

By: Ted Falk  
Its: Credit Manager

Bellingham Marine Industries, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Myhre Group Architects, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Salpare Bay, LLC

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Masons Supply Company

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Industrial Concrete, LLC

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Ray's Plumbing of Brush Prairie, Inc.

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City of Portland

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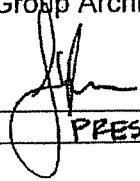
Safway Services, LLC f/k/a ThyssenKrupp  
Safway, Inc.

By: \_\_\_\_\_  
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Bellingham Marine Industries, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Myhre Group Architects, Inc.

By:  \_\_\_\_\_  
Its: **PRESIDENT** \_\_\_\_\_

Salpare Bay, LLC

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Masons Supply Company

By: \_\_\_\_\_

Its: \_\_\_\_\_

Associated Masonry Restoration, Inc.,  
d/b/a Pardue Restoration, Inc.

By: Marvin J Price  
Marvin Price

Its: President

Harris Rebar Seattle, Inc., d/b/a Harris  
Rebar Portland

By: \_\_\_\_\_

Its: \_\_\_\_\_

Morse Bros., Inc.

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Industrial Concrete, LLC

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R2M2 Rebar and Stressing, Inc.

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Ray's Plumbing of Brush Prairie, Inc.

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Its: \_\_\_\_\_

City of Portland

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Its: \_\_\_\_\_

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Safway, Inc.

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Salpare Bay, LLC

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Masons Supply Company

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d/b/a Pardue Restoration, Inc.

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Harris Rebar Seattle, Inc., d/b/a Harris  
Rebar Portland

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Morse Bros., Inc.

By: Stephen Frey 4/14/2011  
Its: STEPHEN FREY  
ASSISTANT SECRETARY

Industrial Concrete, LLC

By: \_\_\_\_\_  
Its: \_\_\_\_\_

R2M2 Rebar and Stressing, Inc.

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Its: \_\_\_\_\_

Ray's Plumbing of Brush Prairie, Inc.

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City of Portland

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Safway Services, LLC f/k/a ThyssenKrupp  
Safway, Inc.

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Myhre Group Architects, Inc.

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Salpare Bay, LLC

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d/b/a Pardue Restoration, Inc.

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Harris Rebar Seattle, Inc., d/b/a Harris  
Rebar Portland

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Morse Bros., Inc.

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Its: \_\_\_\_\_

Industrial Concrete, LLC

By: \_\_\_\_\_  
Its: \_\_\_\_\_

R2M2 Rebar and Stressing, Inc.

By: Mark Pearson  
Its: PRS

Ray's Plumbing of Brush Prairie, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

City of Portland

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Safway Services, LLC f/k/a ThyssenKrupp  
Safway, Inc.

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Its: \_\_\_\_\_

Bellingham Marine Industries, Inc.

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Myhre Group Architects, Inc.

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Salpare Bay, LLC

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Its: \_\_\_\_\_



Masons Supply Company

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Associated Masonry Restoration, Inc.,  
d/b/a Pardue Restoration, Inc.

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Harris Rebar Seattle, Inc., d/b/a Harris  
Rebar Portland

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Morse Bros., Inc.

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Industrial Concrete, LLC

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R2M2 Rebar and Stressing, Inc.

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Its: \_\_\_\_\_

Ray's Plumbing of Brush Prairie, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

City of Portland

By: Mike Law  
Its: Deputy City Attorney  
7/29/11

Safway Services, LLC f/k/a ThyssenKrupp  
Safway, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Bellingham Marine Industries, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Myhre Group Architects, Inc.

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Salpare Bay, LLC

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Masons Supply Company

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Rebar Portland

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Industrial Concrete, LLC

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R2M2 Rebar and Stressing, Inc.

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Ray's Plumbing of Brush Prairie, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

City of Portland

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Safway Services, LLC f/k/a ThyssenKrupp  
Safway, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Bellingham Marine Industries, Inc.

By: Diana M. Duffcoat  
Its: Vice Pres. Admin.

Myhre Group Architects, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Salpare Bay, LLC

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Masons Supply Company

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Associated Masonry Restoration, Inc.,  
d/b/a Pardue Restoration, Inc.

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Its: \_\_\_\_\_

Harris Rebar Seattle, Inc., d/b/a Harris  
Rebar Portland

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Morse Bros., Inc.

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Industrial Concrete, LLC

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R2M2 Rebar and Stressing, Inc.

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Ray's Plumbing of Brush Prairie, Inc.

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City of Portland

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Safway Services, LLC f/k/a ThyssenKrupp  
Safway, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_


Bellingham Marine Industries, Inc.

By: \_\_\_\_\_  
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Myhre Group Architects, Inc.

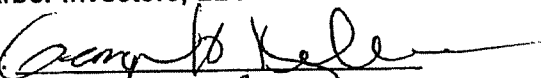
By: \_\_\_\_\_  
Its: \_\_\_\_\_

Salpare Bay, LLC

By:   
Its: Manager, Columbia Rim Corporation  
Michael J. DeFrees President

Digitally signed by Michael J. DeFrees  
DN: cn=Michael J. DeFrees, o, ou,  
email=mike@crccorporation.com, c=US  
Date: 2011.05.02 13:55:20 -07'00'

Harbor Investors, LLC

By:   
Its: WHEWSEN

## EXHIBIT A TO SETTLEMENT AGREEMENT

1	2	3											
Contractor	Principal Amount Owed	Agreed Pre-Judgment Interest Rate	Daily Interest Rate	Pre-Judgment Interest Per Day	Pre-Judgment Interest Accrue Date	Days Unpaid	Total Pre-Judgment Interest Accrued Thru 12/29/09	Post-Judgment Interest Rate	Daily Interest Rate	Post-Judgment Interest Per Day	Days Unpaid	Post-Judgment Interest	Total Principal Interest from 12/30/09 through 3/31/11
JE Dunn	\$1,086,788.00	10.00%	0.000273973	\$297.75	9/15/2007	836	\$248,919.11	10.00%	0.000273973	\$297.75	457	\$136,071.81	\$384,990.93
Pardue	\$49,800.00	9.00%	0.000246575	\$12.28	9/15/2007	836	\$10,265.62	9.00%	0.000246575	\$12.28	457	\$5,611.71	\$15,877.33
Ray's	\$104,347.56	10.00%	0.000273973	\$28.59	9/15/2007	836	\$23,899.88	10.00%	0.000273973	\$28.59	457	\$13,064.89	\$36,964.77
MCC	\$1,375,549.00	10.00%	0.000273973	\$376.86	9/15/2007	836	\$315,057.25	10.00%	0.000273973	\$376.86	457	\$172,226.27	\$487,283.52
MBI	\$39,776.00			stipulated to pre-judgment interest			\$3,923.00	10.00%	0.000273973	\$10.90	457	\$4,980.17	\$9,903.17
Industrial	\$15,675.00			stipulated to pre-judgment interest			\$1,661.00	10.00%	0.000273973	\$4.29	457	\$1,962.60	\$3,623.60
R2M2	\$264,165.00			stipulated to pre-judgment interest			\$18,000.00	10.00%	0.000273973	\$72.37	457	\$33,074.91	\$51,074.91
Harris	\$605,835.00			stipulated to pre-judgment interest			\$10,000.00	10.00%	0.000273973	\$165.98	457	\$75,853.86	\$85,853.86
MASCO*	\$202,248.44	9.00%	STIP: \$16,250.87	\$44.18	4/1/2009	273	\$28,312.01	9.00%	0.000246575	\$49.87	457	\$22,790.35	\$51,102.36
	\$22,462.53											\$2,531.19	
Totals	\$3,766,646.53						\$660,037.88					\$465,636.57	\$1,128,205.63
Myhre (architect)	\$ 46,944.00	n/a					\$0.00	9.00%	0.000246575	\$11.58	457	\$5,289.88	\$5,289.88
Thysen Krupp	\$ 58,742.50	n/a					\$0.00	10.00%	0.000273973	\$16.09	457	\$7,354.88	\$7,354.88
Totals	\$ 105,686.50												\$12,644.76
City	\$ 148,441.71	n/a					\$0.00	9.00%	0.000246575	\$36.60	457	\$16,727.14	\$16,727.14
BMI (marina)	\$ 209,242.00	9.00%	0.000246575	\$51.59	7/1/2008	546	\$28,170.28	9.00%	0.000246575	\$51.59	457	\$23,578.42	\$51,748.70
Subtotal:	\$ 357,683.71												\$68,475.84

## TOTAL OF ALL LIENS

\*\$16,250.87 - pre-judgment interest through 3/31/09 per Limited Judgment and is included in the \$28,312.01 (pre-judgment thru 12/29/09 column)

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{3408.021-00619855; 1}
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## ASSIGNMENT OF LIMITED LIABILITY COMPANY INTEREST AND RELEASE

This ASSIGNMENT OF LIMITED LIABILITY COMPANY INTEREST AND RELEASE ("Assignment") is made as of the \_\_\_\_ day of \_\_\_\_\_, 2011, by and between George H. Killian and Lance E. Killian (collectively, "Assignors") and Salpare Bay, LLC ("Assignee").

### Recitals:

Assignors are all the members of Harbor Investors, LLC, an Oregon limited liability company (the "Company"). The Company owns a 15% tenancy-in-common interest ("Tenancy-In-Common Interest") in real property in Portland, Oregon ("Property"). The Property has been intended for a marina and vertical development project ("Project"). Assignors desire to assign to Assignee their membership interests in the Company (the "Membership Interests"), and Assignee desires to accept such assignment, on the terms of this Assignment. Assignee represents that it is familiar with the Project and the Company, is an accredited investor (or that Assignee is accredited as 100% of its equity owners are accredited investors) as defined in SEC Rule 501 of Regulation D, and is acquiring the Membership Interests for his own account and not for the purpose of resale.

### Agreements:

For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Assignment. Effective on the effective date of this Assignment, Assignors assign to Assignee the Membership Interests. Assignee hereby accepts such assignment.
2. Representations. Assignors represent and warrant to Assignee the following. Assignors are the lawful owners of the Membership Interests, free and clear of all security interests, liens, and encumbrances. The Company is an Oregon limited liability company in good standing. The only asset of the Company is the Tenancy-In-Common Interest. The only business of the Company is and has been its investment in the Project, the Company has no contractual obligations other than those under the Tenancy-In-Common Agreement, if any, and the Company does not have, and has never had, any employees. Assignors have filed income tax returns based on the accounting information provided by Assignee through and including tax year 2009 and have paid the taxes owed, if any, under those returns. Assignors shall file the tax returns for the Company for tax year 2010 within the time allowed by law, and shall provide a copy of the filed 2010 tax return for the Company to Assignee. There are outstanding tax and construction liens against the Property. All representations and warranties contained in this Assignment will survive the assignment of the Membership Interest to Assignee.
3. Mutual Release. With the exception of claims for loss or damage arising from breach of this Assignment or the Settlement Agreement executed contemporaneously herewith, Assignors hereby release, acquit and forever discharge Assignee and its member, Michael DeFrees, from any and all known claims for all acts and omissions occurring to and including the date hereof under any legal theory. With the exception of claims for loss or damage arising from the breach of the representations and warranties set forth in paragraph 2, above, Assignee and Michael DeFrees (on his own behalf and on behalf of any of his affiliates) do hereby release, acquits and forever discharges Assignors from any and all known claims for all acts and omissions occurring to and including the date hereof under any legal theory. Assignee confirms that it has no knowledge of any claim arising from breach any such representation or warranty as of the date hereof.

4. As Is. Except as provided above, Assignors make no representation or warranty whatsoever regarding the Membership Interests. Assignee recognizes that the Membership Interests may have little or no value.

5. Payment by Harbor. In consideration hereof (as provided in Section 2 of the Settlement Agreement), and subject to Section 10, Assignors directly or through Harbor shall pay Assignee the sum of \$40,000, as provided in the Settlement Agreement.

6. Indemnity. Assignee agrees to indemnify, defend, protect and hold harmless Assignors from and against any and all claims, demands, fees, liens, damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees) arising out of or in any way connected with Harbor's execution of the Settlement Agreement, Assignee's or Harbor's actual or alleged nonperformance or breach of the Settlement Agreement, or the Judgments (as defined in the Settlement Agreement).

7. Attorneys Fees. The prevailing party in any action to enforce or interpret this Assignment, including on appeal, shall be entitled to recover its costs and reasonable attorney's fees to be determined by the court. The prevailing party may also recover reasonable attorney's fees, and other fees, costs, and expenses of every kind, incurred in any appeal, petition for review, and proceeding brought under the United States Bankruptcy Code. This Assignment shall be governed by and construed in accordance with the laws of the State of Oregon without regard to choice of law principles.

8. Possession. Assignee shall be entitled to possession of the Membership Interests (if certificated) and all books and records of and related to the Company within a reasonable time after the effective date of this Assignment. Such books and records to do not include privileged communications. Assignors may retain copies of the foregoing and shall be afforded access to the originals for any reasonable business purpose.

9. Entire Agreement. This Assignment, and the Settlement Agreement executed contemporaneously herewith, sets forth the entire understanding of the parties with respect to the assignment of the Membership Interests in Company. This Assignment supersedes any and all prior negotiations, discussions, agreements, and understandings between the parties regarding the same. This Assignment may not be modified or amended except by a written agreement executed by both parties.

10. Counterparts. This Assignment may be executed in any number of counterparts, all of which together shall constitute one and the same agreement. Facsimile signatures shall be considered original.

11. Effective Date: This Assignment shall require, and is expressly conditioned upon, the approval of the U.S. Bankruptcy Court for the District of Oregon. This Assignment shall be effective upon receipt of that approval. Assignee shall diligently prosecute such approval and shall deliver a copy of such approval to Assignor on receipt. Assignee shall not prosecute any claims against Assignor pending such approval. Assignor may rescind this Assignment at any time prior to receipt of such approval.



IN WITNESS WHEREOF, the parties have executed this Assignment.

Assignors:

\_\_\_\_\_  
George H. Killian

\_\_\_\_\_  
Lance E. Killian

Assignee:

SALPARE BAY, LLC

By: \_\_\_\_\_

Michael J. DeFrees

Digitally signed by Michael J. DeFrees  
DN: cn=Michael J. DeFrees, o, ou, email=mike@crccorporation.  
com, c=US  
Date: 2011.04.28 11:58:27 -0700'

Its: \_\_\_\_\_

President

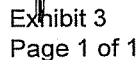
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DN: cn=Michael J. DeFrees, o, ou,  
email=mike@crccorporation.com, c=US  
Date: 2011.04.28 11:58:54 -0700'

Agreed:

\_\_\_\_\_

Michael J. DeFrees

Digitally signed by Michael J. DeFrees  
DN: cn=Michael J. DeFrees, o, ou,  
email=mike@crccorporation.com, c=US  
Date: 2011.04.28 11:59:56 -0700'



**SALPARE BAY, LLC**  
**Balance Sheet**  
As of December 31, 2007

Accrual Basis

	Dec 31, 07
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	10,332.83
CASH IN BANK-WCB MARINA	10,332.83
Total Checking/Savings	10,332.83
Accounts Receivable	4,901,778.81
ACCOUNTS RECEIVABLE	4,901,778.81
Total Accounts Receivable	4,901,778.81
<b>Other Current Assets</b>	446.00
ACCOUNTS RECEIVABLE	
WORK IN PROGRESS	
LAND BASIS	3,057,954.28
ENTITLEMENTS	
ENTITLEMENTS TO PURCHASE	62,170.38
EXHIBIT A	1,297,022.66
HUD STATEMENTS	1,726,080.92
TO PURCHASE PAID H.I. LLC	1,895,600.01
Total ENTITLEMENTS	4,979,773.97
IMPROVEMENTS 85% SALPARE	24,771,986.32
IMPROVEMENTS 15% H.I. LLC	4,371,527.03
Total WORK IN PROGRESS	37,181,241.60
PREPAID LOAN FEES	480,533.51
Total Other Current Assets	37,662,221.11
<b>Total Current Assets</b>	42,574,332.75
<b>Fixed Assets</b>	
SALES OFFICE FURNITURE	58,600.23
EQUIPMENT	69,422.51
SALES OFFICE	467,599.48
ACCUMULATED DEPRECIATION	-132,668.00
Total Fixed Assets	462,954.22
<b>Other Assets</b>	
PROMOTIONAL AIDS	115,985.43
ACCUMULATED AMORTIZATION	-103,895.00
Total Other Assets	12,090.43
<b>TOTAL ASSETS</b>	<b>43,049,377.40</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	5,683,155.99
ACCOUNTS PAYABLE - MD	5,683,155.99
Total Accounts Payable	5,683,155.99
Total Current Liabilities	5,683,155.99
<b>Long Term Liabilities</b>	
N/P-MIKE DEFREES - MD	10,904,738.41
N/P-MARSHALL FIRSTBANK - MD	18,714,986.18
Total Long Term Liabilities	29,619,724.59
Total Liabilities	35,302,880.58
<b>Equity</b>	
CAPITAL	4,838,899.06
RETAINED EARNINGS	-1,417,877.52
EQUITY HARBOR INVESTORS	4,901,778.81
CAPITAL ADJUSTMENT-1031EXCHG	
NELMS ADJUSTMENT	188,602.91
ROBINSON ADJUSTMENT	199,422.72

Page 1

**SALPARE BAY, LLC**  
**Balance Sheet**  
 As of December 31, 2007

Accrual Basis

	Dec 31, 07
STOTLER ADJUSTMENT	94,534.23
Total CAPITAL ADJUSTMENT-1031EXCHG	482,559.86
EQUITY CASH SWEEPS	949,915.55
Net Income	-2,006,778.94
Total Equity	7,746,496.82
TOTAL LIABILITIES & EQUITY	43,049,377.40

Accrual Basis

**SALPARE BAY, LLC**  
**Profit & Loss**  
 January through December 2007

	Jan - Dec 07
<b>Ordinary Income/Expense</b>	
Income	
INCOME	
RENTAL INCOME	12,974.03
Total INCOME	12,974.03
Total Income	12,974.03
Cost of Goods Sold	
SUBCONTRACTOR	
SUBCONTRACTOR DIRECT COSTS	6,369,917.00
SUBCONTRACTOR MANAGEMENT FEE	137,494.00
SUBCONTRACTOR SOFT COSTS	2,572,507.32
Total SUBCONTRACTOR	9,079,918.32
BEGINNING WORK IN PROGRESS	28,101,323.28
ENDING WORK IN PROGRESS	-37,181,241.60
Total COGS	0.00
Gross Profit	12,974.03
Expense	
PROFESSIONAL FEES	
LEGAL FEES	605.00
Total PROFESSIONAL FEES	605.00
BANK CHARGES	104.39
LOAN INSPECTION FEES	5,365.00
REAL PROP TAXES	27,285.92
LICENSES & PERMITS	420.00
INTEREST EXPENSE	1,091,178.67
LOAN FEES	812,680.24
REPAIRS & MAINTENANCE	180.77
ADVERTISING	1,335.35
DEPRECIATION	52,779.90
AMORTIZATION	15,210.76
Total Expense	1,807,146.00
Net Ordinary Income	-1,794,171.97
Other Income/Expense	
Other Income	
INTEREST INCOME	103,830.72
Total Other Income	103,830.72
Other Expense	
EXPENSE TO HARBOR INVESTORS	316,437.69
Total Other Expense	316,437.69
Net Other Income	-212,606.97
Net Income	-2,005,778.94

**SALPARE BAY, LLC**  
**Balance Sheet**  
As of December 31, 2008

Accrual Basis

	Dec 31, 08
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
CASH IN BANK-WCB MARINA	-204.24
Total Checking/Savings	-204.24
Accounts Receivable	
ACCOUNTS RECEIVABLE	5,241,568.30
Total Accounts Receivable	5,241,568.30
Other Current Assets	
ACCOUNTS RECEIVABLE	121.40
WORK IN PROGRESS	
LAND BASIS	3,067,954.28
ENTITLEMENTS	
ENTITLEMENTS TO PURCHASE	62,170.38
EXHIBIT A	1,297,022.66
HUD STATEMENTS	1,725,080.92
TO PURCHASE PAID H.I. LLC	1,895,500.01
Total ENTITLEMENTS	4,979,773.97
IMPROVEMENTS 85% SALPARE	24,771,986.32
IMPROVEMENTS 15% H I LLC	4,371,527.03
Total WORK IN PROGRESS	37,181,241.60
Total Other Current Assets	37,181,363.00
Total Current Assets	42,422,727.08
Fixed Assets	
SALES OFFICE FURNITURE	68,600.23
EQUIPMENT	71,323.76
SALES OFFICE	467,599.48
ACCUMULATED DEPRECIATION	-198,731.28
Total Fixed Assets	398,792.19
Other Assets	
PROMOTIONAL AIDS	115,985.43
ACCUMULATED AMORTIZATION	-115,984.43
Total Other Assets	1.00
<b>TOTAL ASSETS</b>	<b>42,821,520.26</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
ACCOUNTS PAYABLE - MD	6,720,179.95
Total Accounts Payable	6,720,179.95
Other Current Liabilities	
Interco Pay - PNWIH	-8,300.00
Interco Pay - CRC	-8,000.00
ACCRUED LOAN INT PAY - MD	701,812.00
Total Other Current Liabilities	685,512.00
Total Current Liabilities	7,405,691.95
Long Term Liabilities	
N/P-MIKE DEFREES - MD	11,193,338.41
N/P-MARSHALL FIRSTBANK - MD	18,714,986.18
Total Long Term Liabilities	29,908,324.59
Total Liabilities	37,314,016.54
Equity	
CAPITAL	4,836,899.06

Page 1

**SALPARE BAY, LLC**  
**Balance Sheet**  
As of December 31, 2008

Accrual Basis

	Dec 31, 08
RETAINED EARNINGS	-3,424,656.46
EQUITY HARBOR INVESTORS	5,236,312.41
CAPITAL ADJUSTMENT-1031EXCHG	
NELMS ADJUSTMENT	188,602.81
ROBINSON ADJUSTMENT	199,422.72
STOTLER ADJUSTMENT	94,534.23
Total CAPITAL ADJUSTMENT-1031EXCHG	482,559.86
EQUITY CASH SWEEPS	606,812.95
Net Income	-2,230,224.11
Total Equity	6,507,603.71
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>42,821,520.25</b>

Accrual Basis

**SALPARE BAY, LLC**  
**Profit & Loss**  
 January through December 2008

	Jan - Dec 08
Ordinary Income/Expense	
Income	
INCOME	
RENTAL INCOME	111,746.23
UTILITY PASS THROUGH INCOME	4,633.30
MISCELLANEOUS	160.06
CUSTOMER REFUNDS	-180.00
Total INCOME	116,359.59
Total Income	116,359.59
Cost of Goods Sold	
SUBCONTRACTOR	
SUBCONTRACTOR DIRECT COSTS	399,950.47
SUBCONTRACTOR SOFT COSTS	3,553.88
SUBCONTRACTOR - Other	-41,342.28
Total SUBCONTRACTOR	362,162.05
Total COGS	362,162.05
Gross Profit	-245,802.46
Expense	
PRINTING & REPRODUCTION	127.50
PROFESSIONAL FEES	
ACCOUNTING	5,670.68
LEGAL FEES	548,473.81
PROFESSIONAL FEES - Other	-70,371.67
Total PROFESSIONAL FEES	483,772.82
POSTAGE	236.49
OFFICE SUPPLIES	781.68
BANK CHARGES	177.02
TELEPHONE	623.78
UTILITIES	15,962.69
SANITATION	1,234.99
EQUIPMENT RENT	347.65
LOAN INSPECTION FEES	0.00
BOND EXPENSE	925.65
INSURANCE	1,154.30
REAL PROP TAXES	27,285.94
LICENSES & PERMITS	1,488.46
OUTSIDE SERVICES	293.25
CLEANING SUPPLIES	38.35
INTEREST EXPENSE	588,287.13
LOAN FEES	408,453.48
REPAIRS & MAINTENANCE	20,182.00
PROMOTION	4,030.27
ADVERTISING	12,684.18
VEHICLE EXPENSE	18.89
DEPRECIATION	55,153.79
AMORTIZATION	10,278.02
MISCELLANEOUS	80.75
LANDSCAPING	5,310.97
Total Expense	1,649,888.05
Net Ordinary Income	-1,895,690.51
Other Income/Expense	
Other Expense	
EXPENSE TO HARBOR INVESTORS	334,533.60
Total Other Expense	334,533.60
Net Other Income	-334,533.60
Net Income	-2,230,224.11



Accrual Basis

**SALPARE BAY, LLC**  
**Profit & Loss**  
 January through December 2009

	Jan - Dec 09
Ordinary Income/Expense	
Income	
INCOME	
RENTAL INCOME	305,672.25
UTILITY PASS THROUGH INCOME	132.80
MISCELLANEOUS	6,910.11
Total INCOME	312,715.27
Total Income	312,715.27
Cost of Goods Sold	
SUBCONTRACTOR	608.21
BUILDING PERMITS	377.06
Total COGS	985.29
Gross Profit	311,729.98
Expense	
PAYROLL EXPENSE OTHER	75,431.71
PROFESSIONAL FEES	
ACCOUNTING	925.00
LEGAL FEES	1,001,920.61
PROFESSIONAL FEES - Other	-149,578.88
Total PROFESSIONAL FEES	853,265.73
OFFICE SUPPLIES	526.80
BANK CHARGES	1,668.71
TELEPHONE	1,988.63
UTILITIES	33,349.78
SANITATION	3,385.12
SECURITY	203.83
EQUIPMENT RENT	4,264.93
LOAN INSPECTION FEES	5,440.00
BOND EXPENSE	943.50
INSURANCE	719.10
TAXES	1,847.85
REAL PROP TAXES	62,281.68
PERS PROP TAXES	19,214.84
LICENSES & PERMITS	2,255.05
CLEANING SUPPLIES	97.51
INTEREST EXPENSE	1,351,899.79
REPAIRS & MAINTENANCE	10,853.51
PROMOTION	422.41
ADVERTISING	4,675.18
VEHICLE EXPENSE	41.06
DEPRECIATION	56,153.79
AMORTIZATION	0.85
MISCELLANEOUS	75.50
LANDSCAPING	2,602.70
Management Fee	51,000.00
Total Expense	2,544,417.54
Net Ordinary Income	-2,232,687.56
Other Income/Expense	
Other Expense	
EXPENSE TO HARBOR INVESTORS	394,007.26
Total Other Expense	394,007.26
Net Other Income	-394,007.26
Net Income	-2,626,694.82

Accrual Basis

**SALPARE BAY, LLC**  
**Balance Sheet**  
**As of December 31, 2009**  
Dec 31, 09

**ASSETS****Current Assets****Checking/Savings**

CASH IN BANK-WEST COAST BANK	-47.50
CASH IN BANK-MARINA-1ST INDEP	1,468.00
CASH IN BANK-WCB MARINA	6,945.76
PETTY CASH	80.00

<b>Total Checking/Savings</b>	<b>8,446.26</b>
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**Accounts Receivable**

ACCOUNTS RECEIVABLE	5,623,798.42
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<b>Total Accounts Receivable</b>	<b>5,623,798.42</b>
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**Other Current Assets**

ACCOUNTS RECEIVABLE	1,928.50
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**WORK IN PROGRESS**

LAND BASIS	3,057,954.28
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**ENTITLEMENTS**

ENTITLEMENTS TO PURCHASE	62,170.38
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EXHIBIT A	1,297,022.66
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HUD STATEMENTS	1,725,080.92
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TO PURCHASE PAID H.I. LLC	1,895,500.01
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<b>Total ENTITLEMENTS</b>	<b>4,979,773.97</b>
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IMPROVEMENTS 85% SALPARE	24,771,986.32
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IMPROVEMENTS 15% H I LLC	4,371,527.03
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<b>Total WORK IN PROGRESS</b>	<b>37,181,241.60</b>
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PREPAID EXPENSES	33,579.00
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<b>Total Other Current Assets</b>	<b>37,216,749.10</b>
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<b>Total Current Assets</b>	<b>42,848,993.78</b>
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**Fixed Assets**

SALES OFFICE FURNITURE	58,600.23
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EQUIPMENT	71,323.76
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SALES OFFICE	467,599.48
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ACCUMULATED DEPRECIATION	-264,794.56
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<b>Total Fixed Assets</b>	<b>332,728.91</b>
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**Other Assets**

PROMOTIONAL AIDS	115,985.43
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ACCUMULATED AMORTIZATION	-115,985.43
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<b>Total Other Assets</b>	<b>0.00</b>
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Accrual Basis

**SALPARE BAY, LLC**  
**Balance Sheet**  
**As of December 31, 2009**  
Dec 31, 09

<b>TOTAL ASSETS</b>	<u><u>43,181,722.69</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
ACCOUNTS PAYABLE - MD	7,332,575.82
Total Accounts Payable	<u>7,332,575.82</u>
Other Current Liabilities	
ACCOUNTS PAYABLE - HI	1,293,983.97
ACCRUED LOAN INT PAY - MD	1,215,450.64
ACCRUED LOAN INT PAY - HI	214,491.29
INTERCO PAY - MD GROUP - MD	151,300.89
INTERCO PAY - MD GROUP - HI	26,700.16
Total Other Current Liabilities	<u>2,901,926.95</u>
Total Current Liabilities	10,234,502.77
Long Term Liabilities	
N/P-MIKE DEFREES - MD	9,269,027.65
N/P-MIKE DEFREES - HI	1,635,710.76
N/P-MARSHALL FIRSTBANK - MD	15,907,738.25
N/P-MARSHALL FIRSTBANK - HI	2,807,247.93
Total Long Term Liabilities	<u>29,619,724.59</u>
Total Liabilities	39,854,227.36
<b>Equity</b>	
CAPITAL	4,836,899.06
RETAINED EARNINGS	-5,654,880.57
EQUITY HARBOR INVESTORS	5,630,319.67
CAPITAL ADJUSTMENT-1031EXCHG	
NELMS ADJUSTMENT	188,602.91
ROBINSON ADJUSTMENT	199,422.72
STOTLER ADJUSTMENT	94,634.23
Total CAPITAL ADJUSTMENT-1031EXCHG	<u>482,659.86</u>
EQUITY CASH SWEEPS	659,292.13
Net Income	<u>-2,626,694.82</u>
Total Equity	<u>3,327,495.33</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>43,181,722.69</u></u>

Accrual Basis

**SALPARE BAY, LLC**  
**Balance Sheet**  
As of December 31, 2010

	<u>Dec 31, 10</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
CASH IN BANK - US BANK	10,149.85
PETTY CASH	80.00
Total Checking/Savings	<u>10,229.85</u>
Accounts Receivable	
ACCOUNTS RECEIVABLE	2,643,136.90
Total Accounts Receivable	<u>2,643,136.90</u>
Other Current Assets	
ACCOUNTS RECEIVABLE	6,904.87
WORK IN PROGRESS	
LAND BASIS	3,057,954.28
ENTITLEMENTS	
ENTITLEMENTS TO PURCHASE	62,170.38
EXHIBIT A	1,297,022.66
HUD STATEMENTS	1,725,080.92
TO PURCHASE PAID H.I. LLC	1,895,500.01
Total ENTITLEMENTS	<u>4,979,773.97</u>
IMPROVEMENTS 85% SALPARE	9,959,625.26
IMPROVEMENTS 15% H I LLC	1,757,580.96
Total WORK IN PROGRESS	<u>19,754,934.47</u>
PREPAID EXPENSES	46,620.00
Total Other Current Assets	<u>19,808,459.34</u>
Total Current Assets	22,461,826.09
<b>Fixed Assets</b>	
SALES OFFICE FURNITURE	58,600.23
EQUIPMENT	71,323.76
SALES OFFICE	467,599.48
ACCUMULATED DEPRECIATION	-330,857.81
Total Fixed Assets	<u>266,665.66</u>
<b>Other Assets</b>	
PROMOTIONAL AIDS	115,985.43
ACCUMULATED AMORTIZATION	-115,985.43
Total Other Assets	<u>0.00</u>
<b>TOTAL ASSETS</b>	<u><u>22,728,491.75</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
Current Liabilities	
Accounts Payable	
ACCOUNTS PAYABLE - MD	<u>8,068,056.18</u>

Accrual Basis

**SALPARE BAY, LLC**  
**Balance Sheet**  
As of December 31, 2010

	<u>Dec 31, 10</u>
Total Accounts Payable	8,068,056.18
Other Current Liabilities	
ACCOUNTS PAYABLE - HI	1,336,701.60
Advance Rents	110.00
Accrued Expenses	75,872.06
Total Other Current Liabilities	<u>1,412,683.66</u>
Total Current Liabilities	9,480,739.84
Long Term Liabilities	
N/P-MIKE DEFREES - MD	9,269,027.65
N/P-MIKE DEFREES - HI	1,635,710.76
Total Long Term Liabilities	<u>10,904,738.41</u>
Total Liabilities	20,385,478.25
Equity	
CAPITAL	4,836,899.06
CAPITAL ADDITIONS	724,945.27
RETAINED EARNINGS	-8,281,575.39
EQUITY HARBOR INVESTORS	5,699,726.18
CAPITAL ADJUSTMENT-1031EXCHG	
NELMS ADJUSTMENT	188,602.91
ROBINSON ADJUSTMENT	199,422.72
STOTLER ADJUSTMENT	94,534.23
Total CAPITAL ADJUSTMENT-1031EXCHG	<u>482,559.86</u>
Net Income	<u>-1,119,541.48</u>
Total Equity	<u>2,343,013.50</u>
TOTAL LIABILITIES & EQUITY	<u><u>22,728,491.75</u></u>

Accrual Basis

**SALPARE BAY, LLC**  
**Profit & Loss**  
January through December 2010

	<u>Jan - Dec 10</u>
Ordinary Income/Expense	
Income	
INCOME	
RENTAL INCOME	366,629.59
UTILITY PASS THROUGH INCOME	37,832.91
MISCELLANEOUS	4,916.95
CUSTOMER REFUNDS	-228.00
Total INCOME	<u>409,151.45</u>
Total Income	409,151.45
Cost of Goods Sold	
SUBCONTRACTOR	0.00
ENGINEERING/UTILITIES	779.79
CONSULTANTS	2,000.00
BUILDING PERMITS	170.00
Total COGS	<u>2,949.79</u>
Gross Profit	406,201.66
Expense	
REFUND	100.00
PAYROLL EXPENSE OTHER	27,600.00
ARCHITECTURE FEES	24,300.00
PRINTING & REPRODUCTION	902.39
PROFESSIONAL FEES	
ACCOUNTING	535.00
LEGAL FEES	185,266.40
PROFESSIONAL FEES - Other	-16,586.15
Total PROFESSIONAL FEES	<u>169,215.25</u>
POSTAGE	89.59
OFFICE SUPPLIES	1,048.37
BANK CHARGES	1,345.03
TELEPHONE	5,749.42
UTILITIES	
ELECTRICITY	2,920.21
WATER & SEWER	602.00
UTILITIES - Other	55,504.94
Total UTILITIES	<u>59,027.15</u>
SANITATION	1,854.75
SECURITY	177.08
EQUIPMENT RENT	2,150.42
LOAN INSPECTION FEES	0.00
BOND EXPENSE	200.00
INSURANCE	4,515.54
TAXES	0.00
REAL PROP TAXES	83,749.43

Accrual Basis

**SALPARE BAY, LLC**  
**Profit & Loss**  
 January through December 2010

	<u>Jan - Dec 10</u>
PERS PROP TAXES	18,169.00
LICENSES & PERMITS	9,756.35
CLEANING SUPPLIES	0.00
INTEREST EXPENSE	867,243.61
REPAIRS & MAINTENANCE	12,532.38
ENGINEERING	3,378.78
PROMOTION	1,219.53
ADVERTISING	2,559.96
VEHICLE EXPENSE	0.00
DEPRECIATION	63,585.88
AMORTIZATION	0.00
MISCELLANEOUS	0.00
LANDSCAPING	1,310.14
MANAGEMENT FEE	57,741.67
STAFFING FEES	36,814.91
Total Expense	<u>1,456,336.63</u>
Net Ordinary Income	-1,050,134.97
Other Income/Expense	
Other Expense	
EXPENSE TO HARBOR INVESTORS	69,406.51
Total Other Expense	<u>69,406.51</u>
Net Other Income	<u>-69,406.51</u>
Net Income	<u><u>-1,119,541.48</u></u>

**SALPARE BAY, LLC**  
**Profit & Loss**  
June 8 - 30, 2010

Accrual Basis

	<u>Jun 8 - 30, 10</u>
<b>Ordinary Income/Expense</b>	
Income	
INCOME	
RENTAL INCOME	10,065.84
UTILITY PASS THROUGH INCOME	1,118.43
MISCELLANEOUS	0.00
Total INCOME	<u>11,184.27</u>
Total Income	<u>11,184.27</u>
Gross Profit	11,184.27
Expense	
PROFESSIONAL FEES	
LEGAL FEES	<u>5,000.00</u>
Total PROFESSIONAL FEES	5,000.00
OFFICE SUPPLIES	102.84
BANK CHARGES	7.00
UTILITIES	923.59
INSURANCE	342.45
REAL PROP TAXES	3,320.00
PERS PROP TAXES	1,020.00
REPAIRS & MAINTENANCE	358.98
DEPRECIATION	4,220.71
MANAGEMENT FEE	3,666.67
STAFFING FEES	<u>3,088.87</u>
Total Expense	<u>22,061.21</u>
Net Ordinary Income	<u>-10,876.94</u>
Net Income	<u><u>-10,876.94</u></u>



## Salpares Bay Marina and Apartment - 7 Year Plan

	2010	2011	2012	2013	2014	2015	2016	2017
<b>Marina</b>								
Revenue	\$ 385,500	\$ 532,219	\$ 765,823	\$ 765,823	\$ 790,404	\$ 814,116	\$ 838,539	\$ 863,695
Expenses	\$ 310,742	\$ 320,065	\$ 322,238	\$ 323,238	\$ 329,696	\$ 334,436	\$ 344,470	\$ 354,804
NOI	\$ 74,757	\$ 212,155	\$ 443,585	\$ 442,585	\$ 460,708	\$ 479,679	\$ 494,070	\$ 508,892
DIP Monthly Payments- Loan Balance \$750,000 -13.25% Interest Only								
Mortgage Payment - Starting Nov 2012 -		\$ 57,969	\$ 71,771					
Monthly Paymen	\$ 23,324	\$ -	\$ 46,647	\$ 279,885	\$ 279,885	\$ 279,885	\$ 279,885	\$ 279,885
Net Income	\$ 74,757	\$ 212,155	\$ 396,937	\$ 162,700	\$ 180,823	\$ 199,795	\$ 214,185	\$ 229,007
Slips Leased /Feet	1,019	1,403	1,964	1,964	1,964	1,964	1,964	1,964
Harbor Investors LLC Settlement Interest Assignment to Salpares	\$ -	\$ 40,000						
Operating Capital DIP Loan & Refinance of Marina- Net Proceeds at Closing	\$ -	\$ 750,000	\$ 3,300,000					
<b>APT - PHASE 1 - 166 Units Loan Facility</b>								
<b>Phase 1</b>								
Site Work Costs	\$ 2,611,845	\$ 100,677	\$ 1,177,434	\$ 1,533,734	\$ -	\$ -	\$ -	\$ -
Direct Building Costs	\$ 10,267,522	\$ -	\$ 4,667,055	\$ 5,600,466	\$ -	\$ -	\$ -	\$ -
Indirect Building Costs	\$ 4,192,924	\$ 36,700	\$ 646,613	\$ 1,239,244	\$ 2,307,068	\$ -	\$ -	\$ -
Excess Proceeds from Borrowings	\$ 2,400,000	\$ -	\$ 2,400,000	\$ -	\$ -	\$ -	\$ -	\$ -
Loan Facility FHA	\$ 19,672,291	\$ 36,700	\$ 747,290	\$ 9,483,734	\$ 9,441,268			
<b>Operating Expenses - Phase 1</b>								
Real Estate Taxes	\$ (1,845,194)	\$ -	\$ 175,633	\$ 351,265	\$ 361,803	\$ 372,657	\$ 383,837	\$ 383,837
Insurance	\$ (165,649)	\$ -	\$ 17,684	\$ 35,368	\$ 36,429	\$ 37,522	\$ 38,647	\$ 38,647
License, Dues and Fees	\$ (31,373)	\$ -	\$ 3,349	\$ 6,698	\$ 6,899	\$ 7,106	\$ 7,320	\$ 7,320
On-Site Management/Administration	\$ (332,553)	\$ -	\$ 35,502	\$ 71,003	\$ 73,133	\$ 75,327	\$ 77,587	\$ 77,587
Off-Site Professional Management	\$ (376,475)	\$ -	\$ 40,191	\$ 80,381	\$ 82,792	\$ 85,276	\$ 87,835	\$ 87,835
Repairs & Maintenance	\$ (613,654)	\$ -	\$ 65,511	\$ 131,021	\$ 134,952	\$ 139,000	\$ 143,170	\$ 143,170
Landscaping/Grounds	\$ (229,650)	\$ -	\$ 24,516	\$ 49,032	\$ 50,503	\$ 52,018	\$ 53,579	\$ 53,579
Utilities	\$ (641,262)	\$ -	\$ 68,458	\$ 136,916	\$ 141,023	\$ 145,254	\$ 149,611	\$ 149,611
Marketing/Advertising	\$ (122,982)	\$ -	\$ 13,129	\$ 26,258	\$ 27,046	\$ 27,857	\$ 28,693	\$ 28,693
Administration	\$ (184,473)	\$ -	\$ 19,693	\$ 39,387	\$ 40,568	\$ 41,785	\$ 43,039	\$ 43,039
Turn over expenses	\$ (229,650)	\$ -	\$ 24,516	\$ 49,032	\$ 50,503	\$ 52,018	\$ 53,579	\$ 53,579
Capital reserves	\$ (188,237)	\$ -	\$ 20,095	\$ 40,191	\$ 41,396	\$ 42,638	\$ 43,917	\$ 43,917
Totals	\$ (4,761,150)	\$ -	\$ 508,276	\$ 1,016,552	\$ 1,047,048	\$ 1,078,450	\$ 1,110,814	\$ 1,110,814
<b>APT - PHASE 2 - 205 Units Loan Facility</b>								
<b>Phase 2</b>								
Site Work Costs	\$ 3,426,704	\$ -	\$ -	\$ 2,180,630	\$ 1,246,074	\$ -	\$ -	\$ -
Direct Building Costs	\$ 12,256,845	\$ -	\$ -	\$ 7,799,811	\$ 4,457,035	\$ -	\$ -	\$ -
Indirect Building Costs	\$ 5,025,773	\$ -	\$ -	\$ 3,264,033	\$ 1,761,740	\$ -	\$ -	\$ -
Excess Proceeds from Borrowings	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -
Loan Facility FHA	\$ 23,709,322	\$ -	\$ -	\$ 16,244,473	\$ 7,464,849			
<b>Operating Expenses - Phase 2</b>								
Real Estate Taxes	\$ 1,548,134	\$ -	\$ -	\$ -	\$ 215,564	\$ 431,127	\$ 444,061	\$ 457,383
Insurance	\$ 155,876	\$ -	\$ -	\$ -	\$ 21,704	\$ 43,409	\$ 44,711	\$ 46,052
License, Dues and Fees	\$ 29,522	\$ -	\$ -	\$ -	\$ 4,111	\$ 8,221	\$ 8,468	\$ 8,722
On-Site Management/Administration	\$ 312,933	\$ -	\$ -	\$ -	\$ 43,573	\$ 89,761	\$ 91,616	\$ 94,453
Off-Site Professional Management	\$ 354,264	\$ -	\$ -	\$ -	\$ 49,328	\$ 98,656	\$ 101,616	\$ 104,664
Repairs & Maintenance	\$ 577,450	\$ -	\$ -	\$ -	\$ 80,405	\$ 160,809	\$ 165,634	\$ 170,603
Landscaping/Grounds	\$ 216,101	\$ -	\$ -	\$ -	\$ 30,090	\$ 60,180	\$ 61,986	\$ 63,845
Utilities	\$ 603,430	\$ -	\$ -	\$ -	\$ 84,022	\$ 168,044	\$ 173,086	\$ 178,278

Marketing/Advertising	\$	115,726	\$	-	\$	-	\$	16,114	\$	32,228	\$	33,194	\$	34,190
Administration	\$	173,589	\$	-	\$	-	\$	24,171	\$	48,341	\$	49,792	\$	51,285
Turn over expenses	\$	216,101	\$	-	\$	-	\$	30,090	\$	60,180	\$	61,986	\$	63,845
Capital reserves	\$	177,132	\$	-	\$	-	\$	24,664	\$	49,328	\$	50,808	\$	52,332
	\$	4,480,260	\$	-	\$	-	\$	623,835	\$	1,247,670	\$	1,285,101	\$	1,323,664

Net Income Calculation												
Marina Revenue	\$ 5,756,119	\$ 385,500	\$ 532,219	\$ 765,823	\$ 765,823	\$ 790,404	\$ 814,116	\$ 838,539	\$ 863,695			
Apartment Revenue - Phase 1 & 2	\$ 19,852,172	\$ -	\$ -	\$ -	\$ 372,307	\$ 2,641,606	\$ 5,050,204	\$ 5,805,924	\$ 5,981,131			
<b>Total APT &amp; MARINA Revenue</b>	<b>\$ 25,608,291</b>	<b>\$ 385,500</b>	<b>\$ 532,219</b>	<b>\$ 765,823</b>	<b>\$ 1,138,130</b>	<b>\$ 3,432,010</b>	<b>\$ 5,864,319</b>	<b>\$ 6,645,463</b>	<b>\$ 6,844,827</b>			
Marina Expenses	\$ -	\$ 310,742	\$ 320,065	\$ 322,238	\$ 329,686	\$ 334,436	\$ 344,470	\$ 354,804				
Apartment Expenses - Phase 1	\$ 5,545,140	\$ 36,700	\$ 747,290	\$ -	\$ 508,276	\$ 1,016,552	\$ 1,047,048	\$ 1,079,460	\$ 1,110,814			
Apartment Expenses - Phase 2	\$ 4,480,280	\$ -	\$ -	\$ -	\$ -	\$ 623,835	\$ 1,247,670	\$ 1,285,101	\$ 1,323,654			
<b>Total APT &amp; MARINA Expenses</b>	<b>\$ 12,565,088</b>	<b>\$ 347,442</b>	<b>\$ 1,067,354</b>	<b>\$ 322,238</b>	<b>\$ 831,514</b>	<b>\$ 1,970,083</b>	<b>\$ 2,629,155</b>	<b>\$ 2,709,030</b>	<b>\$ 2,789,271</b>			
Apartment & Marina NOI	\$ 12,943,202	\$ 38,057	\$ (535,135)	\$ 443,585	\$ 306,616	\$ 1,461,927	\$ 3,235,164	\$ 3,937,433	\$ 4,055,556			
Mortgage Payment - Marina	\$ 1,517,841		\$ -	\$ 118,418	\$ 279,885	\$ 279,885	\$ 279,885	\$ 279,885	\$ 279,885			
Mortgage Payment Apt - Phase 1	\$ 5,963,516			\$ 458,732	\$ 1,376,196	\$ 1,376,196	\$ 1,376,196	\$ 1,376,196	\$ 1,376,196			
Mortgage Payment Apt - Phase 2	\$ 5,630,160			\$ -	\$ 563,016	\$ 1,689,048	\$ 1,689,048	\$ 1,689,048	\$ 1,689,048			
<b>Net Income Marina and Apartments</b>	<b>\$ (168,315)</b>	<b>\$ 38,057</b>	<b>\$ (535,135)</b>	<b>\$ 325,166</b>	<b>\$ (432,001)</b>	<b>\$ (757,170)</b>	<b>\$ (109,965)</b>	<b>\$ 592,304</b>	<b>\$ 710,427</b>			
Stabilization-Absorption/Apartment Units	0		0	0	84	250	371	371	371			
<b>Net Income Marina and Apartments</b>	<b>\$ (168,315)</b>	<b>\$ 38,057</b>	<b>\$ (535,135)</b>	<b>\$ 325,166</b>	<b>\$ (432,001)</b>	<b>\$ (757,170)</b>	<b>\$ (109,965)</b>	<b>\$ 592,304</b>	<b>\$ 710,427</b>			
US Trustee Chapter 11 Fees	\$ (5,850)	\$ (1,950)	\$ (3,900)									
Administrative Expense Claims	\$ (177,885)	\$ (22,895)	\$ (100,000)	\$ (55,000)								
<b>Modified Net Income Calculation Payment of Unsecured Creditors</b>	<b>\$ (352,060)</b>	<b>\$ 13,212</b>	<b>\$ (639,035)</b>	<b>\$ 270,166</b>	<b>\$ (432,001)</b>	<b>\$ (757,170)</b>	<b>\$ (109,965)</b>	<b>\$ 592,304</b>	<b>\$ 710,427</b>			

Distributions																		
Net Operating Income	\$	(352,060)	\$	13,212	\$	(639,035)	\$	270,166	\$	(432,001)	\$	(757,170)	\$	(109,965)	\$	592,304	\$	710,427
Excess Proceeds from Borrowings DIP Loan- HUD Financing	\$	9,490,000			\$	790,000		5,700,000		3,000,000								
DIP Loan Repayment (\$250,000 Repay 6-30-11 & \$500,000 10-31-11)	\$	(750,000)						(750,000)										
City of PDX - Priority Prin	\$	(147,749)						(118,199)		(29,550)								
City of PDX - Priority Int	\$	(6,850)						-		(6,850)								
JE Dunn - Secured Prin	\$	(5,671,974)						(4,537,579)		(1,134,395)								
JE Dunn - Secured Int	\$	(209,098)						-		(209,098)								
TKS - Secured Prin	\$	(59,204)						(47,363)		(11,841)								
TKS - Secured Int	\$	(2,695)						-		(2,695)								
BMI - Secured Prin	\$	(369,854)						(295,883)		(73,971)								
BMI - Secured Int	\$	(15,455)						-		(15,455)								
Myhre - Secured Prin	\$	(75,499)						(60,399)		(15,100)								
Myhre - Secured Int	\$	(3,500)								(3,500)								
Small Unsecured General Claims	\$	(31,000)						(7,750)		(23,250)								
Unsecured Class 9 Claims	\$	(510,109)																
Gen Unsecured 30% of MNI-\$1.7 Mill Claims (\$500K Floor Cash Reserves)	\$	(449,232)																
Multnomah County Real and Pers Prop Taxes (Final Payment 6-7-2011)	\$	(341,525)						(25,000)		(105,508)		(105,508)		(105,508)				

In re Salpare Bay, LLC  
Case No. 10-35333-tmb11

**List of Assumed Non-Residential Real Property Leases and Executory Contracts**

1. Property Management Agreement with Gateway National Corporation.
2. Lease Agreement with Royal Marine Sales, Inc.
3. Slip leases identified as follows:

Lease Slip #	Current Slip # (if different)	Name	Start Date	Expiration Date	Month-to-Month
A27	A10	Stewart	5/27/10	Open	Yes
A11		Bynum	2/1/10	None	Yes
A15		Steffen	8/1/10	None	Yes
A17	A13	Nelson	7/8/09	TBD	Yes
A4	A18	Gardner	7/1/10	None	Yes
A20		Dearing	9/7/09	None	Yes
A27		Perrizo	8/1/10	1/30/11	
B5		Elieff	3/11/10	Open	Yes
B33		Hanson/Kelly	6/18/10	12/31/10	
C5		Goodwin	6/1/10	Open	Yes
C5	C19	Cole/Heinen	2/3/10	Open	Yes
C24	C7	Phillips	6/5/09	None	Yes
C27		Buckingham	7/1/10	2/1/11	
D7		Latimer	4/24/10	Open	Yes
F5	D9	Gunderson	3/1/09	None	Yes
D27		Russell	4/17/10	Open	Yes
E4		Kirby	5/9/09	None	Yes
E14		Peterson	11/24/09	Open	Yes
E15		Thompson	7/1/10	Open	Yes
D7	F5	Kepler	8/1/09	Open	Yes
H8		Nestell/Peck	6/1/09	None	Yes

Salpare Bay, LLC  
Liquidation Valuation

	Book/2015 Value February 28, 2011	Liquidation Value February 28, 2011	Notes/Assumptions
<b>ASSETS</b>			
Current Assets			
Cash	11,006	11,006	
Accounts Receivable			
Accounts Receivable (Related Party)	2,652,769	40,000	A
Land and Improvements	19,754,934	6,557,625	B
Prepaid expenses	63,708	63,708	10/11 Prop Tax - Ready buyer willing to pay face value.
Total Current Assets	22,482,417	6,672,339	
Fixed Assets			
Sales Office Furniture	58,600	3,000	Estimated auction value.
Equipment	71,324	10,000	Estimated auction value.
Sales Office Furniture	467,599	40,000	Estimated auction value.
Total Fixed Assets	597,523	53,000	
<b>TOTAL ASSETS</b>	<b>23,079,940</b>	<b>6,725,339</b>	
<b>LIABILITIES</b>			
Secured Claims	6,715,078	6,715,078	Secured debt pre-petition per 2015 plus accrued interest.
Priority and Administrative Claims	234,101	10,261	
Book Value/Available for Unsecured Creditors	13,041,710	-	

- A Pursuant to the Settlement Agreement dated May 5, 2011 by and between the Debtor and Harbor Investors, LLC et al, Harbor Investors, LLC has agreed to pay \$40,000 to the Debtor in respect of this receivable.
- B For purposes of this Liquidation Analysis, the Debtor used the value listed in the Bankruptcy Court's order denying JE Dunn's motion for relief from stay of \$9,715,000, less a 25% forced liquidation discount of \$2,428,750 and less 10% cost of sales of \$728,625. The use of this number is not a concession on the Debtor's part that the value of the Property is less than the value presented at the hearing on JE Dunn's motion for

**TAX CONSIDERATIONS  
TO PLAN AND DISCLOSURE STATEMENT**

**A. GENERAL TAX CONSIDERATIONS.**

The following discussion is a summary of certain material federal income tax consequences expected to result from the consummation of the Plan. This discussion is for general information purposes only, and should not be relied upon for purposes of determining the specific tax consequences of the Plan with respect to a particular holder of an Allowed Claim or equity interest. This discussion does not purport to be a complete analysis or listing of all potential tax considerations. This discussion does not address aspects of federal income taxation that may be relevant to a particular holder of an Allowed Claim subject to special treatment under federal income tax laws (such as foreign taxpayers, broker-dealers, banks, thrifts, insurance companies, financial institutions, regulated investment companies, real estate investment trusts and pension plans, and other tax-exempt investors), and does not discuss any aspects of state, local or foreign tax laws. Furthermore, this summary does not address federal taxes other than income taxes.

This discussion is based on existing provisions of the Internal Revenue Code of 1986, as amended (the "IRC"), existing and proposed Treasury Regulations promulgated thereunder, and current administrative rulings and court decisions. Legislative, judicial or administrative changes or interpretations enacted or promulgated after the date hereof could alter or modify the discussion set forth below with respect to federal income tax consequences of the Plan. Any such changes or interpretations may be retroactive and could significantly affect the federal income tax consequences of the Plan. No ruling has been requested or obtained from the Internal Revenue Service (the "IRS") with respect to any tax aspects of the Plan and no opinion of counsel has been sought or obtained with respect thereto. This discussion is not binding on the IRS or the courts and no assurance can be given that the IRS will not assert, or that a court will not sustain, a different position than any position discussed herein. No representations or assurances are being made to the holders of Allowed Claims or equity interests with respect to the federal income tax consequences described herein.

Accordingly, the following summary of certain federal income tax consequences of the Plan is for informational purposes only and is not a substitute for careful tax planning or advice based upon the individual circumstances pertaining to a particular holder of an Allowed Claim or an equity interest. Each holder of an Allowed Claim or an equity interest is strongly urged to consult with its own tax advisors regarding the federal, state, local, foreign and other tax consequences of the Plan.

Any discussion of federal tax issues set forth in this Disclosure Statement was written solely in connection with the confirmation of the Plan to which the transactions described in this Disclosure Statement are ancillary. Such discussion is not intended or written to be legal or tax advice to any person and is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding any federal tax penalties that may be imposed on such person. Each holder of an Allowed Claim or equity interest should seek advice based on its particular circumstances from an independent tax advisor.

## **B. FEDERAL INCOME TAX CONSEQUENCES TO DEBTORS**

### **1. IN GENERAL**

The Debtor is a limited liability company and, thus, is a pass-through entity for both federal and state income tax purposes. As such, the Debtor is not itself subject to federal income tax. Instead, the Debtor's sole member is required to include on his personal income tax return the income, gain, loss and deduction recognized by the Debtor. Accordingly, it is unlikely that there will be any direct federal income tax liability at the Debtor's entity level.

### **2. CANCELLATION OF INDEBTEDNESS INCOME**

Under the IRC, a taxpayer generally will recognize cancellation of debt income ("COD Income") upon satisfaction of its outstanding indebtedness for consideration less than the amount of such indebtedness. The amount of COD Income, in general, is the excess of (a) the adjusted issue price of the indebtedness (in most cases, the amount the debtor received on incurring the obligation, with certain adjustments) satisfied, over (b) the sum of the amount of Cash paid and the fair market value of any new consideration given in satisfaction of the indebtedness.

However, IRS Section 108(a) provides an exclusion from gross income for COD income if certain requirements are met. Section 108(a) provides an exclusion commonly referred to as the "Bankruptcy Exception," where a taxpayer is in bankruptcy and the discharge is granted, or is effected, pursuant to a plan approved by the bankruptcy court. In the case of an entity taxable as a corporation, eligibility for the Bankruptcy Exception is determined at the corporate level. If the Bankruptcy Exception applies (with the effect that the taxpayer may exclude its COD Income from its gross income), the taxpayer is required, under IRS Section 108(b), to reduce certain of its tax attributes by the amount of COD Income excluded from gross income pursuant to the Bankruptcy Exception. The attributes of the taxpayer that are reduced include any net operation loss carryovers from prior years, general business and minimum tax credit carryforwards, capital loss carryforwards, the basis of the taxpayer's assets and foreign tax credit tax carryforwards. In the limited liability company context, the reduction in the basis of assets is most important. However, a special rule can also require a reduction in certain losses to be passed through to members of limited liability companies.

## **C. FEDERAL INCOME TAX CONSEQUENCES TO THE HOLDERS OF AN ALLOWED CLAIM**

### **1. SMALL UNSECURED CREDITOR CLAIMS**

In accordance with the Plan, the debt owed by the Debtor to each holder of a Small Unsecured Claim will be satisfied by a payment of Cash in an amount equal to 100% of such Claim. In general, the amount received by each holder of a Small Unsecured Claim is treated as an amount received in exchange for the satisfied debt, and each such holder will recognize taxable gain or loss equal to the amount received less the holder's tax basis in the Claim. Any gain or loss recognized will be long-term or short-term capital gain or loss or ordinary income or loss, depending upon factors specific to each holder of a Small Unsecured Claim, including but not limited to: (i) whether the Claim (or a portion thereof) is attributable to

principal or interest; (ii) the origin of the Claim; (iii) whether the holder of the Claim reports income on the accrual or cash basis method; and (iv) whether the holder of the Claim has taken a bad debt deduction or otherwise recognized a loss with respect to the Claim.

## 2. GENERAL UNSECURED CREDITOR CLAIMS

In accordance with the Plan, the debt owed by the Debtor to each holder of a General Unsecured Claim will be adjusted so that each General Unsecured Creditor will be entitled to a Pro Rata share of 30% of the Net Income generated by the Reorganized Debtor through December 31, 2017. If this adjustment is considered significant, each such holder will recognize taxable gain or loss equal to the difference between the fair market value of the obligation as adjusted and the holder's adjusted basis in the original debt. It may be difficult to place a value on the obligation as adjusted, but gain may nevertheless be recognized. The character and amount of such taxable gain or loss will be determined based on factors specific to each holder of a Claim, as discussed above with respect to Small Unsecured Claims.

## 3. OREGON CONSTRUCTION LIEN CREDITOR CLAIMS

In accordance with the Plan, the debt owed by the Debtor to each holder of an Allowed Construction Lien Claim will be restructured. If the modification to the debt is "significant," as such term is defined in the applicable Treasury Regulations, the restructured debt will be treated as received by such holder in a deemed taxable exchange of the underlying debt pursuant to IRC Section 1001.

With respect to a deemed taxable exchange, a holder of an Allowed Construction Lien Claim will generally recognize gain or loss in connection with the exchange if the holder's adjusted tax basis in the old debt does not equal the issue price of the modified debt. If the issue price of the modified debt is greater than the holder's adjusted tax basis in the debt, the holder will recognize taxable income as a result of the deemed exchange. Since each modified debt will have a principal amount equal to its corresponding old debt, and each modified debt will have adequate stated interest, a holder of an Allowed Construction Lien Claim generally should not recognize any gain or loss on a deemed taxable exchange of such debt unless the tax basis in the debt is different from the issue price of the modified debt. The character and amount of any taxable gain or loss will be determined based on factors specific to each holder of a Claim, as discussed above with respect to Small Unsecured Claims.

The principal amount of certain restructured debt may include accrued but unpaid interest. A holder of an Allowed Construction Lien Claim not previously required to include in its taxable income any accrued but unpaid interest on such Claim may be treated as receiving taxable interest to the extent the modified debt received is allocable to such accrued but unpaid interest.

## D. CONSEQUENCES TO HOLDERS OF EQUITY INTERESTS

Pursuant to the Plan, all of the currently outstanding membership interests of the Debtors shall be deemed cancelled and shall be of no further force and effect, whether surrendered for cancellation or otherwise, and there shall be no distribution with respect to such shares. The IRS may assert that the COD Income discussed above is not subject to the

Bankruptcy Exception because, in the case of an entity taxed as a partnership, the exclusions of Section 108(a) are determined in relation to the members' situations, not the situation of the entity that realizes the COD Income. If this result obtains, a member may have to include such COD Income in gross income, and this inclusion would increase his, her or its basis in the membership interests. Moreover, upon extinguishment of the member's interests in the Debtor, the member may be deemed to receive a distribution equal to the Debtor's liabilities, which reduces the member's basis. If the reduction in liabilities exceeds basis, the member would realize gain. If the member has an unrecovered basis at the time of extinguishment of his interests, he may be able to claim a loss, which the IRS is likely to characterize as capital rather than ordinary. To the extent that that sole member of the Debtor invests additional monies in the Debtor, this should create basis in the new membership interests to be issued by the Debtor.

#### **E. INFORMATION REPORTING BACKUP WITHHOLDING**

Certain payments, including the payments with respect to Claims pursuant to the Plan, are generally subject to information reporting by the payor to the IRS. Moreover, under certain circumstances, a holder of a Claim may be subject to "backup withholding" with respect to payments made pursuant to the Plan, unless such holder either (i) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact, or (ii) provides a correct United States taxpayer identification number and certified under penalty of perjury that the holder is a United States person, the taxpayer identification is correct and that the taxpayer is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against the holder's United States federal income tax liability, and the holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS.



**CERTIFICATE OF SERVICE**

I hereby certify that on June 13, 2011, I served a copy of the **DEBTOR'S THIRD AMENDED CHAPTER 11 PLAN OF REORGANIZATION and DEBTOR'S THIRD AMENDED CHAPTER 11 DISCLOSURE STATEMENT (JUNE 13, 2011)** on the parties listed below as "Non-ECF Participants" by mailing a copy thereof in a sealed, first-class postage prepaid envelope, addressed to each party's last-known address and depositing in the U.S. mail at Portland Oregon.

**NON-ECF PARTICIPANTS**

Salpare Bay, LLC  
2501 NE 134th Street #300  
Vancouver, WA 98686

Campbell Crane  
8001 NE 14th Pl.  
Portland, OR 97211

Stoel Rives  
900 SW Fifth Ave.  
Portland, OR 97204-1268

Portland General Electric  
PO Box 4404  
Portland, OR 97208

URS Corporation  
PO Box 121028  
Dept. 1028  
Dallas, TX 75312

Fusion Partners  
1801 N. Lamar St.  
Dallas, TX 75202

Team Builder JLS  
14205 SE 36th St.  
Ste. 200  
Bellevue, WA 98006

Jordan Schrader Attorneys  
PO Box 230669  
Portland, OR 97281

Portland Monthly  
234 SW Broadway  
Portland, OR 97205

Landerholm Memovich Lansverk  
PO Box 1086  
Vancouver, WA 98666-1086

Professional Serv. Industries  
6032 N. Cutter Circle #480  
Portland, OR 97217

Bee Consulting  
1638 NW Riverscape St.  
Portland, OR 97209-1834

1 City of Portland  
2 City Attorney's Office  
3 Attn: Linda Law  
4 1221 SW 4<sup>th</sup> Ave., Rm. 430  
Portland, OR 97204

Paradigm Communications  
PO Box 65229  
Seattle, WA 98155

5 Intelligent Community Services  
6 3303 SW Bond Ave.  
Portland, OR 97239-4501

Interspace Airport Advertising  
4635 Crackersport Rd.  
Allentown, PA 18104

7 Fountain Technologies  
8 5673 SW Cheltenham Dr.  
Portland, OR 97239

Ford Graphics  
1431 NW 17th Ave.  
Portland, OR 97209

9 W&H Pacific  
10 9755 SW Barnes Rd. #300  
Portland, OR 97225

KPFF Consulting  
111 SW Fifth Ave.  
Suite 2500  
Portland, OR 97204

11 Acme Construction Supply  
12 330 SE Salmon St.  
13 Portland, OR 97214

14  
15 Dated: June 13, 2011.

16 FARLEIGH WADA WITT

17  
18 By: /s/ Tara J. Schleicher  
19 Tara J. Schleicher, OSB #954021  
20 tschleicher@fwwlaw.com  
21 Of Attorneys for Debtor  
22  
23  
24  
25  
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